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Testo del comunicato

Vedi allegato.

Prysmian Group

PRESS RELEASE

PRYSMIAN / Draka

PRYSMIAN S.P.A. FY 2016 RESULTS

ADJ. EBITDA TARGET ACHIEVED IN HIGH-END OF GUIDANCE RANGE

ADJ EBITDA €711M (+14.1%), HIGHEST EVER

INCREASED MARGINS IN ALL BUSINESSES (EXCEPT FOR O&G)

SURGE IN NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT TO €246M (+15.0%)

STRONG GROWTH BY HIGH-TECH BUSINESSES: ENERGY PROJECTS +18.5%; TELECOM +8.5%

NET FINANCIAL POSITION IMPROVES TO €537M (€750M AT END OF 2015)

PROPOSED DIVIDEND €0.43 PER SHARE

DRIVERS OF COMPETITIVENESS: TECHNOLOGICAL INNOVATION, NEW ASSETS AND CAPABILITIES FOR PROJECT EXECUTION, OPTIMISATION OF MANUFACTURING FOOTPRINT AND OPERATIONAL EXCELLENCE, BUSINESS SUSTAINABILITY

Milan, 1/3/2017. The Board of Directors of Prysmian S.p.A. has examined today the Company's consolidated financial statements and separate financial statements for 2016[1].

"We have closed 2016 on a note of profitability, with Adj EBITDA at €711 million, the highest ever in the company's history," commented Valerio Battista, CEO of Prysmian Group. "Excellent sales performance in higher value-added businesses has been reflected in a significant improvement in profitability, also fostered by our focus on operational efficiency and manufacturing footprint optimisation. The technological innovations introduced by our Energy Projects business, like the new 600 kV P-Laser cable and the 700 kV PPL cable, represent milestones for the entire industry. With a view to providing a turn-key service, significant progress has also been made in developing our project engineering and execution capabilities, also thanks to expansion of our fleet of cable-laying vessels. Driving the Telecom business are our renewed competitiveness in fibre manufacturing and our creation of manufacturing centres of excellence, allowing the business to make the most of opportunities in a growing market. The outlook remains positive, both for submarine cables and systems, where we aim to win new power interconnection and offshore wind farm projects, and for the Telecom business, where optical cable demand remains high. Strong sales performance and improved profitability have helped to further strengthen the financial structure, with a better net financial position than expected," said Battista in conclusion.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION
(in millions of Euro)

	2016	2015	% Change	% organic sales change
Sales	7,567	7,361	2.8%	1-0%
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	680	584	16.4%	
Adjusted EBITDA	711	623	14.1%	
EBITDA	645	622	3.6%	
Adjusted operating income	538	473	13.7%	
Operating income	447	399	11.5%	
Profit/(Loss) before taxes	368	310	18.7%	
Net profit/(loss) for the year	262	214	22.4%	
Net profit attributable to owners of the parent	246	214	15.0%	

(in millions of Euro)

	31 December 2016	31 December 2015 (*)	Change
Net capital employed	2,595	2,598	(3)
Employee benefit obligations	383	341	42
Equity	1,675	1,507	168
of which attributable to non-controlling interests	227	229	(2)
Net financial position	537	750	(213)

(*) The previously published figures reported in the consolidated statement of financial position have been restated for the revised Purchase Price Allocation of Oman Cables Industry (SAOG).

[1] The statutory audit of the consolidated financial statements and separate financial statements had not yet been completed as at today's date.

FINANCIAL RESULTS

Group **Sales** amounted to €7,567 million, posting organic growth of +1.0% assuming the same group perimeter and excluding metal price and exchange rate effects. The most significant contribution came from positive performances by the Energy Projects segment, with the execution of important submarine connection projects in the portfolio, and by the Telecom segment, which benefited from the continued upward trend in demand for optical cables. Energy & Infrastructure sales were down, affected by the decline in demand for building wires and slower growth in Power Distribution. The Industrial & Network Components segment reported a weak performance, as a result of refocusing the sales mix and of the slowdown in wind business in China. In contrast the Elevators business recorded significant increases. Sales continued to decline for the Oil & Gas business, in a market context suffering from the drop in oil prices which in turn is affecting extraction activities.

Adjusted EBITDA[2] was sharply up, reaching €711 million (+14.1%), the highest ever since the company's birth. The improvement in margins was across all businesses, with the sole exception of Oil & Gas, with Adjusted EBITDA representing 9.4% of sales (8.5% in 2015). Profitability has also benefited from a concentration on operational and organisational efficiency, optimisation of manufacturing footprint and a favourable sales mix particularly focused on Energy Projects and Telecom.

EBITDA[3] amounted to €645 million (+3.6% on 2015), including net expenses for business reorganisation, net non-recurring expenses and other net non-operating expenses totalling €66 million (€1 million in 2015).

Group **Operating Income** came to €447 million (+11.5% on 2015).

Net Finance Costs came to €79 million, reporting a decrease from €89 million in 2015, thanks to lower borrowing costs as a result of the improved financial structure.

Net Profit amounted to €262 million, an improvement of +22.4% on 2015 (of which €246 million attributable to owners of the parent).

Net Financial Position amounted to €537 million at the end of December 2016, marking a significant improvement from €750 million at the end of 2015. Cash flow from operating activities, net of acquisitions and disposals in 2016, would have been €331 million. The principal factors influencing the year-end balance were:

- €614 million in cash flow provided by operating activities (before changes in net working capital)
- €67 million in reductions in net working capital
- €76 million in tax payments
- €10 million in dividends received from investments
- €31 million in net cash inflow for disposals and acquisition
- €227 million in net operating capital expenditure of which €11 million to acquire the assets of Shen Huan Cable in China
- €68 million in net payments of finance costs
- €102 million in dividend payouts

[2] Adjusted EBITDA is defined as EBITDA, as defined in the following note, before income and expense for business reorganisation, before non-recurring items and before other non-operating income and expense.

[3] EBITDA is defined as earnings/(loss) for the year, before the fair value change in metal derivatives and in other fair value items, amortisation, depreciation and impairment, finance costs and income, dividends from other companies and taxes.

LINKING THE FUTURE: DEVELOPMENT OF THE GROWTH STRATEGY

Innovation for smart and sustainable electricity grids and next-generation broadband networks
Resources employed in R&D have amounted to around €84 million in costs in 2016, in line with 2015. Prysmian aims to position itself as an energy revolution protagonist, with the development of technologies for more effective, efficient and sustainable electricity networks. Its major achievements include the launch of the new P-Laser 600 kV cable, which allows increased power transmission capacity at a cost of up to 10% less (per MW transmitted), and the introduction of 600 HVDC kV XLPE and 700 kV PPL cables, which can boost transmission capacity by up to 15%. In the field of inter-array connections for offshore wind farms, the Group launched the new 66 kV cable, which allows significant savings in wind farm construction and operation costs. The new Flextube, the optical cable with the highest density in the world with more than 2,000 fibres, represents a major innovation for broadband networks. Work has continued on developing Pry-Cam network monitoring technologies, which are meeting with growing approval: during 2016 a contract was signed with National Grid for online monitoring of its UK networks.

Fast Forward Operations: efficiency of manufacturing footprint and new centres of technological excellence
A total of €222 million, excluding the acquisition of the Shen Huan Cable assets, was invested in 2016 (€210 million in 2015). With Fast Forward Operations, the Group has embarked on a major project to improve the competitiveness of its industrial footprint. The new strategy focuses on a continuous quest for production efficiency in lower value-added sectors and on the creation of centres of excellence with high technological expertise dedicated to the higher value-added business segments. The goal is to bring the supply chain ever closer to the customer, by improving responsiveness to changing market conditions. The process of regaining efficiency in the manufacturing footprint has led to the closure of six smaller factories, whose activities have been relocated and concentrated in other more competitive factories, to the strengthening of production capabilities at the two Submarine cable factories in Pikkala (Finland) and Arco Felice (Italy), to the recouping of fibre manufacturing competitiveness at the factories in Battipaglia (Italy) and Douvrin (France), and to the creation of important centres of excellence for optical cable manufacturing in Slatina (Romania) and for data cables in Presov (Slovakia).

People: 50% of Prysmian employees are also shareholders
The Prysmian Group stands out for the innovative people development policies it has adopted. In the course of 2016 it continued to operate several talent development and recruiting programmes for both employees and potential candidates: over 1,000 employees have passed through the doors of the Prysmian Group Academy and the new Manufacturing Academy; the Graduate Program, now in its sixth year, has resulted in the recruitment of 50 new high-potential resources; the year saw the launch of a new edition of the "Make it" recruitment programme to recruit 50 engineers and technicians, and the launch of the new "Sell It" programme for 50 young high-potential sales staff, for a total of some 150 new young recruits to the Group. The YES share purchase plan for employees also continued, with the number of employee-shareholders climbing to almost 9,000, representing over 50% of those entitled.

Business sustainability, a strategic driver of growth
The total economic value generated by the Group amounted to €1,710 million in 2016, up 8% on 2015. The Group has continued to devote ever more attention to Corporate Social Responsibility, with the adoption of the new SDG Sustainable Development Goals issued by the UN, the definition of a broad set of KPIs covering the three dimensions (namely economic, environmental and social), the adoption of the new Sustainability Policy and Human Rights Policy, the improved disclosure and reporting system (with the number of GRI indicators included in its Sustainability Report rising to more than 70) and the implementation of stakeholder engagement initiatives. Particular attention has been paid to the position in sustainability indexes, with the Group's scoring in the DJSI improving to 76 points (70 points in 2015).

External growth: acquisitions of Shen Huan Cable in China and Corning copper data cables in Germany
In 2016, the Group acquired the assets of Shen Huan Cable in China, with the aim of pursuing an independent growth strategy in this country, and the copper data cables business of Corning in Germany. The Group also moved ahead with the integration of acquisitions made in the past, namely Gulf Coast Downhole Technologies (GCDT) in the US and Oman Cables Industry.

ENERGY PROJECTS OPERATING SEGMENT PERFORMANCE AND RESULTS

- **RECORD PERFORMANCE BY SUBMARINE CABLES**
- **SOUND GROWTH FOR HIGH VOLTAGE UNDERGROUND**
- **POSITIVE OUTLOOK FOR 2017 WITH NEW PROJECTS EXPECTED**

Energy Projects sales to third parties reached €1,634 million in 2016, posting organic growth of +18.5% on. 2015. Profitability also improved significantly, with Adjusted EBITDA climbing to €260 million (+17.6% on 2015) thanks to constant focus on operational efficiency and better project execution capabilities.

Sales of Submarine Cables and Systems for power transmission recorded double-digit growth, driven by progress in the completion of numerous projects already in the order book, such as the Western Link, Dardanelles Strait, Greece-Cyclades, and the Panay and Cebu Negros interconnections and connections for major offshore wind farms like Dolwin3 and 50Hertz in Germany. The submarine projects order book stood at €2,050 million at 31 December 2016, with a positive outlook for 2017 both for interconnections and for offshore wind farm connections. In particular, the Group will be able to leverage on its upgraded installation assets, with a fleet that can now count on 3 cable-laying vessels (the new barge Ulisse started operations in July 2016), and on the development of more and more turnkey-oriented capabilities, ranging from project engineering to cable design and manufacture and the monitoring of network operation and efficiency using technology developed by Prysmian Electronics.

Sales of High Voltage Underground power transmission cables grew, reporting a slowdown only in the last quarter due to the phasing of certain projects. In particular, the biggest impetus came from North America and APAC, while the situation was less brilliant in Europe, except for France, and in Russia, due to political uncertainties. In China the Group has opted to pursue an independent growth strategy in the High Voltage sector, after divesting the participation in Baosheng HV Cable JV and acquiring the assets of Shen Huan Cable. The order book for High Voltage Underground cables stood at €350 million at 31 December 2016.

(in millions of Euro)

	2016	**2015**	**% Change**	**% organic sales change**
Sales	1,634	1,416	15.4%	18.5%
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**260**	**221**	**17.6%**	
% of sales	15.9%	15.6%		
Adjusted EBITDA	**260**	**221**	**17.6%**	
% of sales	15.9%	15.6%		
EBITDA	**275**	**247**	**11.4%**	
% of sales	16.8%	17.4%		
Amortisation and depreciation	(36)	(34)		
Adjusted operating income	**224**	**187**	**19.6%**	
% of sales	13.7%	13.2%		

ENERGY PRODUCTS OPERATING SEGMENT PERFORMANCE AND RESULTS

- **FAVOURABLE BUSINESS MIX AND OCI CONSOLIDATION HAVE HELPED IMPROVE MARGINS**
- **EXCLUDING OCI, TRADE & INSTALLERS SALES DOWN AND POWER DISTRIBUTION STABLE**
- **INDUSTRIAL: TROUBLED PERFORMANCE FOR SPECIALTIES & OEM, WITH SHARP DROP BY RENEWABLES; ELEVATORS AND NETWORK COMPONENTS POSITIVE**

Energy Products sales to third parties amounted to €4,469 million, posting an organic decline of -3.6%, primarily attributable to challenging conditions on the South American market. Adjusted EBITDA amounted to €280 million (+10.9% on 2015).

(in millions of Euro)

	2016	2015	% Change	% organic sales change
Sales	4,469	4,415	1.2%	-3.6%
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**277**	**234**	**18.3%**	
% of sales	6.2%	5.3%		
Adjusted EBITDA	**280**	**252**	**10.9%**	
% of sales	6.3%	5.7%		
EBITDA	**216**	**264**	**-18.5%**	
% of sales	4.8%	6.0%		
Amortisation and depreciation	(82)	(59)		
Adjusted operating income	**198**	**193**	**2.1%**	
% of sales	4.4%	4.4%		

Energy & Infrastructure

Energy & Infrastructure sales to third parties amounted to €3,016 million (of which €537 million contributed by Oman Cables Industry), with an underlying change of -3.1% on 2015. Adjusted EBITDA climbed to €154 million (of which €37 million from the additional contribution of fully consolidating OCI), up +20.1% on 2015 (with the Adjusted EBITDA margin on sales at 5.1% vs 4.6%).

The results for Trade & Installers were adversely affected by the challenging conditions on the South American market and by the slowdown in Central, Eastern and Southern Europe. In contrast, positive performances were recorded in Northern Europe and Australia. Constant attention to optimisation of the manufacturing footprint and the favourable sales mix, combined with the first-time consolidation of OCI, sustained margins during the year. The building wires market will see the European CPR (Construction Products Regulation) come into force in July 2017, imposing higher standards of safety and quality. This legislation could represent an important opportunity for the Group, which is positioned at the high-end of the market and has launched a major sales and marketing campaign to underline the competitiveness of its offer.

Power Distribution reported a stable underlying sales trend, with a fourth-quarter slowdown in line with expectations. Positive performances were recorded in North America and APAC, while the scenario remained weak in South America and phasing out by utilities investments caused business to decline in Germany. In terms of profitability, the continued focus on production efficiency and a favourable country mix supported Adj.EBITDA margins. The Group is closely monitoring market developments towards ever more efficient and sustainable electricity networks, and is offering its customers innovative technologies such as high-performance P-Laser cable and the network monitoring systems developed by Prysmian Electronics.

Industrial & Network Components

Industrial & Network Components sales to third parties amounted to €1,343 million, posting negative organic growth of -4.6%, mainly due to the instability of investment demand in certain industrial sectors linked to the capital goods market. Profitability took a positive turn, with Adjusted EBITDA improving to €127 million from €122 million in 2015, with margins rising to 9.5% from 8.1% in 2015, thanks to a favourable business mix.
Specialties & OEM had a troubled performance, mainly due to the selective commercial policies applied to renewables (particularly in China) and to poor performance by mining, nuclear and railway, as partially offset by good performance in the defence and marine applications. The Elevators business enjoyed significant growth thanks to excellent sales performance in North America and EMEA, partially offset by a softening trend in China, and to development of accessories business and after-market services which had a positive impact on profitability. The Automotive business reported stable volumes, accompanied by a good increase in Adj.EBITDA margins, helped by the improved manufacturing footprint and favourable product mix. The Network Components business recorded a good performance for High Voltage products, offset by soft demand for Medium and Low Voltage accessories.

OIL & GAS

- **DROP IN OIL PRICES IMPACTS OIL & GAS SALES; SIGNS OF STABILISATION IN Q4**
- **FOCUS ON OPTIMISING MANUFACTURING FOOTPRINT AND SUPPLY CHAIN EFFICIENCY**
- **CONSOLIDATION OF GULF COAST SUPPORTS DOWN HOLE TECHNOLOGY**

The performance of the Oil & Gas segment has been hit hard by the oil price trend, which is affecting investment decisions by the industry's players. Sales to third parties came to €300 million, posting negative organic growth of -29.3% on 2015, despite signs of stabilisation in the fourth quarter of the year, particularly in the Core Oil & Gas business. Adjusted EBITDA amounted to €8 million, down from €16 million in 2015 (-49.0%), with a margin on sales of 2.7% (3.8% in 2015).

In the Core Oil & Gas Cables business, the collapse in demand particularly concerned drilling activities, offshore projects and the ESP (Electrical Submergible Pumps) segment, albeit reporting a stabilisation in the fourth quarter. With the aim of stemming the erosion of margins, the Group remains strongly focused on optimising its manufacturing footprint and on achieving cost efficiencies in the supply chain.

In the SURF business (Subsea Umbilicals Risers and Flowlines), the performance of Umbilicals evolved in line with expectations, reflecting the slowdown in orders from Petrobras in Brazil. The Downhole Technology business reported a slight slowdown in sales and profitability in North America, as partially offset by the consolidation of Gulf Coast Downhole Technologies, a company acquired in the second half of 2015.

(in millions of Euro)

	2016	2015	% Change	% organic sales change
Sales	300	421	-28.9%	-29.3%
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**8**	**16**	**-49.0%**	
% of sales	2.7%	3.8%		
Adjusted EBITDA	**8**	**16**	**-49.0%**	
% of sales	2.7%	3.8%		
EBITDA	**8**	**-**	**-**	
% of sales	2.7%	0.1%		
Amortisation and depreciation	(15)	(13)		
Adjusted operating income	**(7)**	**3**		
% of sales	-2.4%	0.7%		

TELECOM OPERATING SEGMENT PERFORMANCE AND RESULTS

- **CONTINUED GROWTH IN DEMAND FOR OPTICAL CABLES**
- **PROFITABILITY IMPROVES AGAIN**
- **POSITIVE PERFORMANCE ALSO FOR MULTIMEDIA SOLUTIONS**

Sales of Telecom cables and systems to third parties amounted to €1,164 million, with organic growth of +8.5% driven by healthy demand for optical fibre cables and by strong demand for copper cables in Australia. Adjusted EBITDA climbed to €163 million, posting an increase of +22.0% on 2015 and an improvement in margin to 14.0% from 12.1% in 2015.

In the Telecom Solutions business, the positive performance of optical cables and fibre reported another acceleration in the fourth quarter with excellent results in North America, France and Eastern Europe. Of particular note is how the Group managed in Brazil to offset the decline in optical cable volumes by repositioning its offer to OPGW cables for overhead networks. Demand for copper cables was lively in Australia, where the Group supports the technological choices of its customer National Broadband Network. The Group's competitiveness has benefited from the investments made to improve fibre manufacturing efficiency and to create new centres of manufacturing excellence.

Multimedia Solutions posted a positive performance in Europe, also thanks to the production capacity enlargement for copper data transmission cables. Performance in South America was also good.

The high value–added business of optical connectivity accessories had positive results, fostered by the development of new FTTx networks (providing last mile broadband) in Europe (in particular in France, Spain and the Netherlands).

(in millions of Euro)

	2016	2015	% Change	% organic sales change
Sales	1,164	1,109	4.9%	8.5%
Adjusted EBITDA before share of net profit/(loss) of equity-accounted companies	**135**	**113**	**19.3%**	
% of sales	11.6%	10.2%		
Adjusted EBITDA	**163**	**134**	**22.0%**	
% of sales	14.0%	12.1%		
EBITDA	**158**	**119**	**33.2%**	
% of sales	13.6%	10.7%		
Amortisation and depreciation	(40)	(44)		
Adjusted operating income	**123**	**90**	**37.9%**	
% of sales	10.6%	8.1%		

BUSINESS OUTLOOK

The macroeconomic environment in 2016 saw modest but mixed growth for Europe's major economies, partially eroded by the uncertainty generated by the outcomes of referenda held in the United Kingdom (23 June 2016) and Italy (4 December 2016). In the United States growth was moderate although less intense than in 2015. Among the main emerging economies, Russia experienced a progressive stabilisation after almost two years of crisis, while the economic and political situation in Brazil has remained challenging, despite a slight improvement in the latter part of the year. After a slow start, the Chinese economy benefited from the government's economic stimulus package for the housing market and from growing investments in infrastructure, with government growth targets achieved thanks to better-than-expected recovery in the second half of the year.
In such a context, the Group's expectation for FY 2017 is that demand in the cyclical businesses of building wires and medium voltage cables for utilities will be in line with the previous year, with a general stabilisation in prices. With the Energy Projects segment seeing a growing market, the Prysmian Group expects to consolidate its market leadership and improve profitability in the Submarine cables business, while it expects a slight decline in the High Voltage underground business especially due to phasing of its manufacturing footprint in China. In the Oil & Gas segment, the gradual strengthening of oil prices, if confirmed in 2017, should lead to a slight recovery in cable demand in the second part of the year. In the Telecom segment, the underlying growth in the Group's turnover is expected to remain strong in 2017, thanks to growth in the North American and European markets, while a gradual stabilisation in volumes is expected in Australia.
In addition, assuming exchange rates remain at the same level as at the time of preparing the present document, the effect of translating the results of other group companies into the reporting currency would not have a material impact on the Group's 2017 operating income.
Lastly, the Prysmian Group is continuing in 2017 to rationalise its activities with the objective of achieving projected cost efficiencies and greater competitiveness in all areas of its business.

OTHER RESOLUTIONS BY THE BOARD OF DIRECTORS

Notice of Ordinary and Extraordinary General Meeting
The Board of Directors has given the Chairman of the Board of Directors and the Chief Executive Officer several authority to perform all the formalities to convene an Ordinary and Extraordinary General Meeting for Wednesday, 12 April 2017, in single call.

Based on the results for 2016, the Board of Directors will recommend to the forthcoming AGM that a dividend of €0.43 per share be declared.

If approved, the dividend will be paid out from 26 April 2017, record date 25 April 2017 and ex-div date 24 April 2017.

Share buy-back programme
The Board of Directors has decided to request the forthcoming General Meeting for authorisation to initiate a programme for the buy-back and disposal of treasury shares, after revoking the previous resolution adopted at the General Meeting on 13 April 2016.

The programme will provide the opportunity to purchase, on one or more occasions, a number of shares whose total cannot exceed 10% of share capital, taking account of treasury shares already purchased in execution of previous shareholder resolutions and not yet disposed of. Purchases may not exceed the amount of available reserves reported in the most recently approved annual financial statements. The programme will last for a maximum of 18 months commencing from the date of approval by the shareholders in AGM.

The shareholders' approval is being requested:

- to provide the Company with a portfolio of treasury shares (a so-called "stock of shares"), including those already held by the Company, that can be used for any extraordinary corporate actions (for example, mergers, demergers, purchases of equity investments);
- in order to use the treasury shares purchased to service the exercise of rights arising from convertible debt instruments or instruments exchangeable with financial instruments issued by the Company, its subsidiaries or by third parties (for example, in takeovers bids and/or stock swaps);
- to use treasury shares to satisfy share-based incentive plans or share purchase plans reserved for directors and/or employees of the Prysmian Group;
- to allow efficient management of the Company's capital, by creating an investment opportunity, also for its available liquidity.

Treasury shares will be bought back and sold in accordance with applicable laws and regulations:

i. at a minimum price no more than 10% below the stock's official price reported in the trading session on the day before carrying out each individual transaction;
ii. at a maximum price no more than 10% above the stock's official price reported in the trading session on the day before carrying out each individual transaction.

On 27 February 2017, the date of the latest published disclosure regarding the Company's existing share buyback programme, Prysmian S.p.A. directly and indirectly held 3,706,228 treasury shares as of 24 February 2017. This number is subject to possible daily increases under the aforementioned share buyback programme.

The legally required documentation will be made available to shareholders and the public at the locations and within the deadlines required by applicable regulations.

Corporate bonds
The convertible bond, known as "€300,000,000 1.25 per cent. Equity Linked Bonds due 2018", maturing on 8 March 2018 and reserved for institutional investors, will reach maturity within eighteen months of the end of 2016.
An equity-linked five-year zero-coupon bond for a total nominal amount of €500 million was placed with institutional investors on 12 January 2017. The initial conversion price of the bonds has been set at Euro 34.2949, which equates to a 41.25% premium on the average share trading price.
The principal objectives of the bond issue are:
- To provide adequate financial flexibility to pursue the company's potential external growth opportunities;
- To finance the purchase of treasury shares, through the buyback programme launched at the placement's close;
- To increase the efficiency of the Group's financial structure;

On the same date, the Board of Directors approved the adoption of an ordinary share buyback programme for an aggregate amount of up to €125 million and terminating by 30 September 2017. The purpose of the programme is to create a "stock of shares" in support of any extraordinary corporate actions involving stock swaps and that can also serve the exercise of any conversion rights under the bonds.

Sustainability Report 2016
The Board of Directors has approved the Sustainability Report 2016 for the year ending 31 December 2016. The Prysmian Group's Sustainability Report, now in its sixth edition, is an annual document of communication with the Group's stakeholders with regard to its performance in the economic, social and environmental spheres. The Report describes Prysmian's commitment to creating value, not only for the business but also for stakeholders.
The Sustainability Report has been prepared in compliance with the "G4 Sustainability Reporting Guidelines", in accordance with the Core option which ensures a broad and effective level of reporting.
The GRI Sustainability Reporting Guidelines G4 require the Sustainability Report to contain information on topics deemed to be material, meaning those that have a critical impact for the organisation in economic, environmental and social terms and which significantly influence the judgements and decisions of stakeholders.

The Prysmian Group's Annual Report at 31 December 2016, approved by the Board of Directors today, will be available to the public from the Company's registered office in Via Chiese 6, Milan and from Borsa Italiana S.p.A. by 22 March 2017. It will also be available on the corporate website at www.prysmiangroup.com and in the authorised central storage mechanism used by the company at www.emarketstorage.com. The present document may contain forward-looking statements relating to future events and future operating, economic and financial results of the Prysmian Group. By their nature, forward-looking statements involve risk and uncertainty because they depend on the occurrence of future events and circumstances. Therefore, actual future results may differ materially from what is expressed in forward-looking statements for a variety of factors.
The managers responsible for preparing corporate accounting documents (Carlo Soprano and Andreas Bott) hereby declare, pursuant to art. 154-bis par. 2 of Italy's Unified Financial Act, that the accounting information contained in this press release corresponds to the underlying documents, accounting books and records.

The results at 31 December 2016 will be presented to the financial community during a conference call to be held today at 18:00 CET, a recording of which will be subsequently made available on the Group's website: www.prysmiangroup.com.
The documentation used during the presentation will be available today in the Investor Relations section of the Prysmian website at www.prysmiangroup.com, and can be viewed on the Borsa Italiana website www.borsaitaliana.it and in the central storage mechanism for regulated information at www.emarketstorage.com.

Prysmian Group
Prysmian Group is world leader in the energy and telecom cables and systems industry. With nearly 140 years of experience, sales of over €7.5 billion in 2016, 21,000 employees across 50 countries and 82 plants, the Group is strongly positioned in high-tech markets and offers the widest possible range of products, services, technologies and know-how. It operates in the businesses of underground and submarine cables and systems for power transmission and distribution, of special cables for applications in many different industries and of medium and low voltage cables for the construction and infrastructure sectors. For the telecommunications industry, the Group manufactures cables and accessories for voice, video and data transmission, offering a comprehensive range of optical fibres, optical and copper cables and connectivity systems. Prysmian is a public company, listed on the Italian Stock Exchange in the FTSE MIB index.

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ANNEX A

Consolidated statement of financial position

(in millions of Euro)

	31 December 2016	31 December 2015 (*)
Non-current assets		
Property, plant and equipment	1,631	1,551
Intangible assets	792	823
Equity-accounted investments	195	177
Available-for-sale financial assets	12	12
Derivatives	3	1
Deferred tax assets	130	111
Other receivables	21	26
Total non-current assets	**2,784**	**2,701**
Current assets		
Inventories	906	984
Trade receivables	1,088	1,098
Other receivables	788	687
Financial assets held for trading	59	87
Derivatives	40	26
Cash and cash equivalents	646	547
Total current assets	**3,527**	**3,429**
Assets held for sale	-	119
Total assets	**6,311**	**6,249**
Equity attributable to the Group:	**1,448**	**1,278**
Share capital	22	22
Reserves	1,180	1,042
Net profit/(loss) for the year	246	214
Equity attributable to non-controlling interests:	**227**	**229**
Share capital and reserves	211	229
Net profit/(loss) for the year	16	-
Total equity	**1,675**	**1,507**
Non-current liabilities		
Borrowings from banks and other lenders	1,114	1,141
Other payables	18	16
Provisions for risks and charges	40	52
Derivatives	12	21
Deferred tax liabilities	111	114
Employee benefit obligations	383	341
Total non-current liabilities	**1,678**	**1,685**
Current liabilities		
Borrowings from banks and other lenders	172	262
Trade payables	1,498	1,377
Other payables	875	984
Derivatives	24	43
Provisions for risks and charges	339	275
Current tax payables	50	27
Liabilities held for sale	-	89
Total current liabilities	**2,958**	**3,057**
Total liabilities	**4,636**	**4,742**
Total equity and liabilities	**6,311**	**6,249**

(*) The previously published figures reported in the consolidated statement of financial position have been restated for the change in Purchase Price Allocation of Oman Cables Industry (SAOG).

Consolidated income statement

(in millions of Euro)

	2016	2015
Sales of goods and services	7,567	7,361
Change in inventories of work in progress, semi-finished and finished goods	(48)	(44)
Other income	75	104
of which non-recurring other income	-	-
Raw materials, consumables used and goods for resale	(4,387)	(4,484)
Fair value change in metal derivatives	54	(27)
Personnel costs	(1,056)	(1,001)
of which personnel costs for company reorganisation	*(31)*	*(33)*
of which personnel costs for stock option fair value	*(49)*	*(25)*
Amortisation, depreciation, impairment and impairment reversal	(203)	(171)
of which (impairment) and impairment reversals related to company reorganisation	*(5)*	*(3)*
of which other (impairment) and impairment reversals	*(25)*	*(18)*
Other expenses	(1,586)	(1,378)
of which non-recurring (other expenses) and releases	*1*	*29*
of which (other expenses) for company reorganisation	*(19)*	*(15)*
Share of net profit/(loss) of equity-accounted companies	31	39
Operating income	**447**	**399**
Finance costs	(497)	(530)
of which non-recurring finance costs	*(2)*	*(2)*
Finance income	418	441
of which non-recurring finance income	-	-
Profit/(loss) before taxes	**368**	**310**
Taxes	(106)	(96)
Net profit/(loss) for the year	**262**	**214**
Attributable to:		
Owners of the parent	246	214
Non-controlling interests	16	-
Basic earnings/(loss) per share (in Euro)	**1.15**	**1.00**
Diluted earnings/(loss) per share (in Euro)	**1.09**	**1.00**

Consolidated Statement of Comprehensive Income

(in millions of Euro)

	2016	2015
Net profit/(loss) for the year	**262**	**214**
Comprehensive income/(loss) for the year:		
- items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on cash flow hedges - gross of tax	(4)	1
Fair value gains/(losses) on cash flow hedges - tax effect	3	-
Release of cash flow hedge reserve after discontinuing cash flow hedging - gross of tax	-	2
Release of cash flow hedge reserve after discontinuing cash flow hedging - tax effect	-	(1)
Currency translation differences	17	(44)
Total items that may be reclassified, net of tax	**16**	**(42)**
- items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	(54)	23
Recognition of pension plan asset ceiling	-	-
Actuarial gains/(losses) on employee benefits - tax effect	10	(4)
Total items that will NOT be reclassified, net of tax	**(44)**	**19**
Total comprehensive income/(loss) for the year	**234**	**191**
Attributable to:		
Owners of the parent	211	192
Non-controlling interests	23	(1)

Consolidated statement of cash flows

(in millions of Euro)

		2016	2015
	Profit/(loss) before taxes	368	310
	Depreciation, impairment and impairment reversals of property, plant and equipment	157	138
	Amortisation and impairment of intangible assets	46	33
	Net gains on disposal of property, plant and equipment, intangible assets and acquisition purchase price adjustment	(3)	-
	Results of operating and financial investment and divestment activities	(18)	(36)
	Share of net profit/(loss) of equity-accounted companies	(31)	(39)
	Share-based payments	49	25
	Fair value change in metal derivatives and other fair value items	(54)	27
	Net finance costs	79	89
	Changes in inventories	77	81
	Changes in trade receivables/payables	142	(54)
	Changes in other receivables/ payables	(152)	216
	Taxes paid	(76)	(71)
	Dividends received from equity-accounted companies	10	17
	Utilisation of provisions (including employee benefit obligations)	(82)	(87)
	Increases in provisions (including employee benefit obligations)	103	48
A.	**Net cash flow provided by/(used in) operating activities**	**615**	**697**
	Cash flow from acquisitions and/or disposals	31	(138)
	Investments in property, plant and equipment	(222)	(204)
	Disposals of property, plant and equipment and assets held for sale	6	10
	Investments in intangible assets	(11)	(6)
	Net investments in financial assets held for trading	(3)	(48)
	Disposals of financial assets held for trading	27	16
B.	**Net cash flow provided by/(used in) investing activities**	**(172)**	**(370)**
	Capital contributions and other changes in equity	-	3
	Dividend distribution	(102)	(91)
	Repayment of non-convertible bond - 2010	-	(400)
	EIB loan	(17)	(8)
	Issuance of non-convertible bond - 2015	-	739
	Early repayment of credit agreement	-	(400)
	Finance costs paid	(438)	(518)
	Finance income received	370	418
	Changes in net financial payables	(152)	11
C.	**Net cash flow provided by/(used in) financing activities**	**(339)**	**(246)**
D.	**Currency translation gains/(losses) on cash and cash equivalents**	**(5)**	**(16)**
E.	**Total cash flow provided/(used) in the year (A+B+C+D)**	**99**	**65**
F.	**Net cash and cash equivalents at the beginning of the year**	**547**	**494**
G.	**Net cash and cash equivalents at the end of the year (E+F)**	**646**	**559**
	Cash and cash equivalents reported in statement of financial position	**646**	**547**
	Cash and cash equivalents included in assets held for sale	**-**	**12**

Prysmian Group

PRYSMIAN Draka

ANNEX B

Reconciliation table between net Profit/(Loss) for the year, EBITDA and adjusted EBITDA of the Group

(in millions of Euro)

	2016	**2015**
Net profit/(loss) for the year	262	214
Taxes	106	96
Finance income	(418)	(441)
Finance costs	497	530
Amortisation, depreciation, impairment and impairment reversal	203	171
Fair value change in metal derivatives	(54)	27
Fair value change in stock options	49	25
EBITDA	**645**	**622**
Company reorganisation	50	48
Non-recurring expenses/(income):		
Antitrust	(1)	(29)
Other non-operating expenses/(income)	17	(18)
Total adjustments to EBITDA	**66**	**1**
Adjusted EBITDA	**711**	**623**

Statement of cash flows with reference to change in net financial position

(in millions of Euro)

	2016	**2015**	**Change**
EBITDA	645	622	23
Changes in provisions (including employee benefit obligations)	21	(39)	60
(Gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets	(3)	-	(3)
Results of operating and financial investment and divestment activities	(18)	(36)	18
Share of net profit/(loss) of equity-accounted companies	(31)	(39)	8
Aggiustamento prezzo acquisizione	-	-	-
Net cash flow provided by operating activities (before changes in net working capital)	**614**	**508**	**106**
Changes in net working capital	67	243	(176)
Taxes paid	(76)	(71)	(5)
Dividends from investments in equity-accounted companies	10	17	(7)
Net cash flow provided by operating activities	**615**	**697**	**(82)**
Cash flow from acquisitions and/or disposals	31	(138)	169
Net cash flow from operational investing activities	(227)	(200)	(27)
Of which for acquisition of ShenHuan assets	*(11)*	-	*(11)*
Free cash flow (unlevered)	**419**	**359**	**60**
Net finance costs	(68)	(100)	32
Free cash flow (levered)	**351**	**259**	**92**
Capital contributions and other changes in equity	-	3	(3)
Dividend distribution	(102)	(91)	(11)
Net cash flow provided/(used) in the year	**249**	**171**	**78**
Opening net financial position	**(750)**	**(802)**	**52**
Net cash flow provided/(used) in the year	249	171	78
Other changes	(36)	(119)	83
Closing net financial position	**(537)**	**(750)**	**213**

Prysmian Group

PRYSMIAN

Draka

ANNEX C

Separate statement of financial position

(in Euro)

	31 December 2016	31 December 2015
Non-current assets		
Property, plant and equipment	76,201,582	51,990,084
Intangible assets	40,969,080	38,172,608
Investments in subsidiaries	2,068,361,859	1,893,969,030
Derivatives	-	-
Deferred tax assets	1,126,378	3,386,349
Other receivables	56,296,748	18,397,869
Total non-current assets	**2,242,955,647**	**2,005,915,940**
Current assets		
Trade receivables	129,157,262	111,678,229
Other receivables	432,369,496	574,205,679
Derivatives	626,349	128,436
Cash and cash equivalents	2,344	16,199
Total current assets	**562,155,451**	**686,028,543**
Total assets	**2,805,111,098**	**2,691,944,483**
Share capital and reserves:		
Share capital	21,672,092	21,672,092
Reserves	1,134,077,254	1,019,429,309
Net profit/(loss) for the year	137,165,205	155,147,628
Total equity	**1,292,914,551**	**1,196,249,029**
Non-current liabilities		
Borrowings from banks and other lenders	1,098,456,770	1,105,162,068
Other payables	93,611	60,512
Employee benefit obligations	7,177,566	6,936,467
Total non-current liabilities	**1,105,727,947**	**1,112,159,047**
Current liabilities		
Borrowings from banks and other lenders	82,388,436	82,818,566
Trade payables	285,910,005	269,640,439
Other payables	14,411,481	11,774,894
Derivatives	214,737	87,912
Provisions for risks and charges	18,910,579	14,646,696
Current tax payables	4,633,362	4,567,900
Total current liabilities	**406,468,600**	**383,536,407**
Total liabilities	**1,512,196,547**	**1,495,695,454**
Total equity and liabilities	**2,805,111,098**	**2,691,944,483**

Separate income statement

(in Euro)

	2016	2015
Sales of goods and services	925,692,892	1,132,939,437
Change in inventories of work in progress, semi-finished and finished goods	-	-
Other income	122,712,260	124,562,284
of which non-recurring other income	*149,110*	-
Raw materials, consumables used and goods for resale	(926,576,141)	(1,134,279,975)
Fair value change in metal derivatives	9,354	(15,723)
Personnel costs	(66,802,807)	(48,580,261)
of which personnel costs for company reorganizations	*(2,441,596)*	*(141,201)*
of which personnel costs for stock option fair value	*(18,141,482)*	*(8,097,337)*
Amortisation, depreciation and impairment	(8,674,829)	(10,876,021)
Other expenses	(85,929,417)	(74,169,677)
of which non-recurring other (expenses)/income	*(263,795)*	*171,934*
of which other (expenses) for company reorganizations	*(1,801,270)*	*(1,856,934)*
Operating income	**(39,568,688)**	**(10,419,936)**
Finance costs	(48,583,998)	(54,050,204)
of which non-recurring finance costs	*(789,405)*	*(2,183,292)*
Finance income	39,624,373	30,365,738
of which non-recurring finance income	*514,403*	*531,431*
Dividends from subsidiaries	192,251,074	190,457,488
Impairment losses / reversal of impairment of investments	(36,334,000)	(12,350,840)
Profit before taxes	**107,388,761**	**144,002,246**
Taxes	29,776,444	11,145,382
Net profit/(loss) for the year	**137,165,205**	**155,147,628**

Separate statement of comprehensive income

(in thousand of Euro)

	2016	2015
Net profit/(loss) for the year	**137,165**	**155,148**
Items that will be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on cash flow hedges - gross of tax	126	(39)
Fair value gains/(losses) on cash flow hedges - tax effect	(33)	11
Total items that may be reclassified, net of tax effect	**93**	**(28)**
Items that will NOT be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on employee benefits - gross of tax	(162)	276
Actuarial gains/(losses) on employee benefits - tax effect	(35)	(76)
Total items that will NOT be reclassified subsequently to profit or loss:	**(197)**	**200**
Total comprehensive income/(loss) for the year	**137,061**	**155,320**

Separate statement of cash flows

(in thousand of Euro)

		2016	2015
	Profit/(loss) before taxes	107,389	144,002
	Depreciation and impairment of property, plant and equipment	1,861	1,533
	Amortisation and impairment of intangible assets	6,814	9,343
	Impairment reversal	36,334	12,351
	Net gains on disposals of property, plant and equipment, intangible assets and other non-current assets	34	(1)
	Share-based payments	18,141	8,097
	Dividends from subsidiaries	(192,251)	(190,458)
	Fair value change in metal derivatives	(9)	16
	Net finance costs	8,960	23,684
	Changes in inventories	-	-
	Changes in trade receivables/payables	(1,209)	52,217
	Changes in other receivables/ payables	22,032	(25,284)
	Taxes cashed/(paid)	12,997	30,447
	Utilisation of provisions (including employee benefit obligations)	(640)	(751)
	Increases in provisions (including employee benefit obligations)	3,834	212
A	**Net cash flow provided by/(used in) operating activities**	**24,287**	**65,408**
	Investments in property, plant and equipment	(26,097)	(19,100)
	Disposal of property, plant and equipment	-	-
	Investmensts in intangible assets	(9,619)	(4,316)
	Investments in subsidiaries	(206,495)	(85,000)
	Dividends received	179,693	188,818
B	**Net cash flow provided by/(used in) investing activities**	**(62,518)**	**80,402**
	Capital contributions	-	1
	Dividend distribution	(89,890)	(89,843)
	Share buy back	-	-
	Sale of treasury share	297	332
	Early repayment of 2011 Credit Agreement	-	(400,000)
	Proceeds from non conv. bond - 2015	-	739,140
	Repayment of non conv. Bond - 2010	-	(400,000)
	EIB Loan	(16,667)	(8,333)
	Early repayment of 2010 Credit Agreement	-	-
	Finance costs paid	(38,053)	(42,324)
	Finance income received	39,649	29,760
	Changes in other financial receivables/ payables	142,881	23,159
C	**Net cash flow provided by/(used in) financing activities**	**38,217**	**(148,108)**
D	**Total cash flow provided/(used) in the year (A+B+C)**	**(14)**	**(2,298)**
E	**Net cash and cash equivalents at the beginning of the year**	**16**	**2,314**
F	**Net cash and cash equivalents at the end of the year (D+E)**	**2**	**16**

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